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PP RUEHAG RUEHRN RUEHROV
DE RUEHFR #2073 1411258
ZNY CCCCC ZZH
P 211258Z MAY 07
FM AMEMBASSY PARIS
TO RUEHSS/OECD POSTS COLLECTIVE PRIORITY
INFO RUCNMEM/EU MEMBER STATES PRIORITY
RUEHMO/AMEMBASSY MOSCOW PRIORITY 5850

C O N F I D E N T I A L PARIS 002073

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E.O. 12958: DECL: 05/15/2017
TAGS: [OECD](#) [RS](#)
SUBJECT: GURRIA PLEASSED WITH RUSSIAN INCLUSION IN OECD
ENLARGEMENT PACKAGE

Classified By: Deputy Secretary John Negroponte, for reasons 1.4
(b) and (d)

¶1. (C) Summary: Deputy Secretary John Negroponte and Assistant Secretary for Economic, Energy, and Business Affairs Dan Sullivan met on May 15 on the margins of the OECD Ministerial Council Meeting with OECD Secretary General Angel Gurría. Gurría expressed satisfaction that Russia's inclusion in the enlargement package had not been blocked. He assured that he would work in the coming year to help reach a consensus on the continuing issue of the organization's scale of contributions and gave assurances of his continuing support for the U.S. proposal to house the Partnership for Democratic Governance in the OECD. End summary.

Russia in the Enlargement Package

¶2. (C) Gurría expressed appreciation for the position that the United States had ultimately taken with respect to Russia's OECD candidacy, which made it possible for Russia to be included in the accession package. He understood that it was a complicated decision, but he believed that allowing Russia to begin the accession process would be in the interest of Russia and of all OECD members. There would be a host of economic hurdles that Russia would have to clear, including WTO membership, agreements on capital movements and freedom of investment, and much more, and the Secretariat would directly monitor Russia's progress on

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these areas. Gurría distanced himself, however, from being the arbiter of conditionality relating to political actors. These, he said, would have to be decided by the OECD members through a consensus of the Council. Ultimately, he noted, the Council determines all conditions for membership. Noting concerns that some members had raised about the possibility that Russia would block the future membership of Latvia or Lithuania, he said that Russia had offered to give assurances that, once in the OECD, it would not create obstacles to others' accession prospects. The Deputy Secretary commented that while Russia had done some things relatively well, such as management and investment of its oil wealth, the U.S. would continue to watch the process closely and believed that Russian accession could take a long time.

Enlargement Financing

¶3. (SBU) The Deputy Secretary noted that the U.S. would continue to press all members of the OECD, new and old, to cover the cost of their participation in the organization, as second-stage negotiations continued in the coming year. Gurría agreed that it would be an embarrassment to current members not to raise their contributions to the level being demanded of new members,

and said that he would help in putting together strategies to get to consensus on this point. While on the subject of contributions, Gurria made passing reference to U.S. payments owed to the organization, and without further elaboration handed the Deputy a proposal for bringing U.S. payments up to date. (Gurria's proposal will be relayed to IO/MPR and EUR/ERA.)

Partnership for Democratic Governance

¶4. (U) Deputy Secretary Negroponte handed Gurria a copy of the letter from Secretary Rice asking for Gurria's continued support for the U.S.-proposed Partnership for Democratic Governance (PDG), and offering a U.S. seed contribution of \$1 million per year for the first three years. Gurria reiterated that he supported the concept. He noted that the OECD had taken up the subject at meetings on April 17-18, and that there was a high level of interest. Although demand for the services to be offered by the PDG were still uncertain, he believed that conceptually it fit well with the OECD's mission, and that if it could get off to a successful launch, others would want to contribute to it. The Secretariat was working on defining terms of reference for the

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program, from which it would be better able to estimate costs.

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